

REGIONAL TRANSPORTATION AUTHORITY

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NORTHWESTERN UNIVERSITY

1990 Annual Report

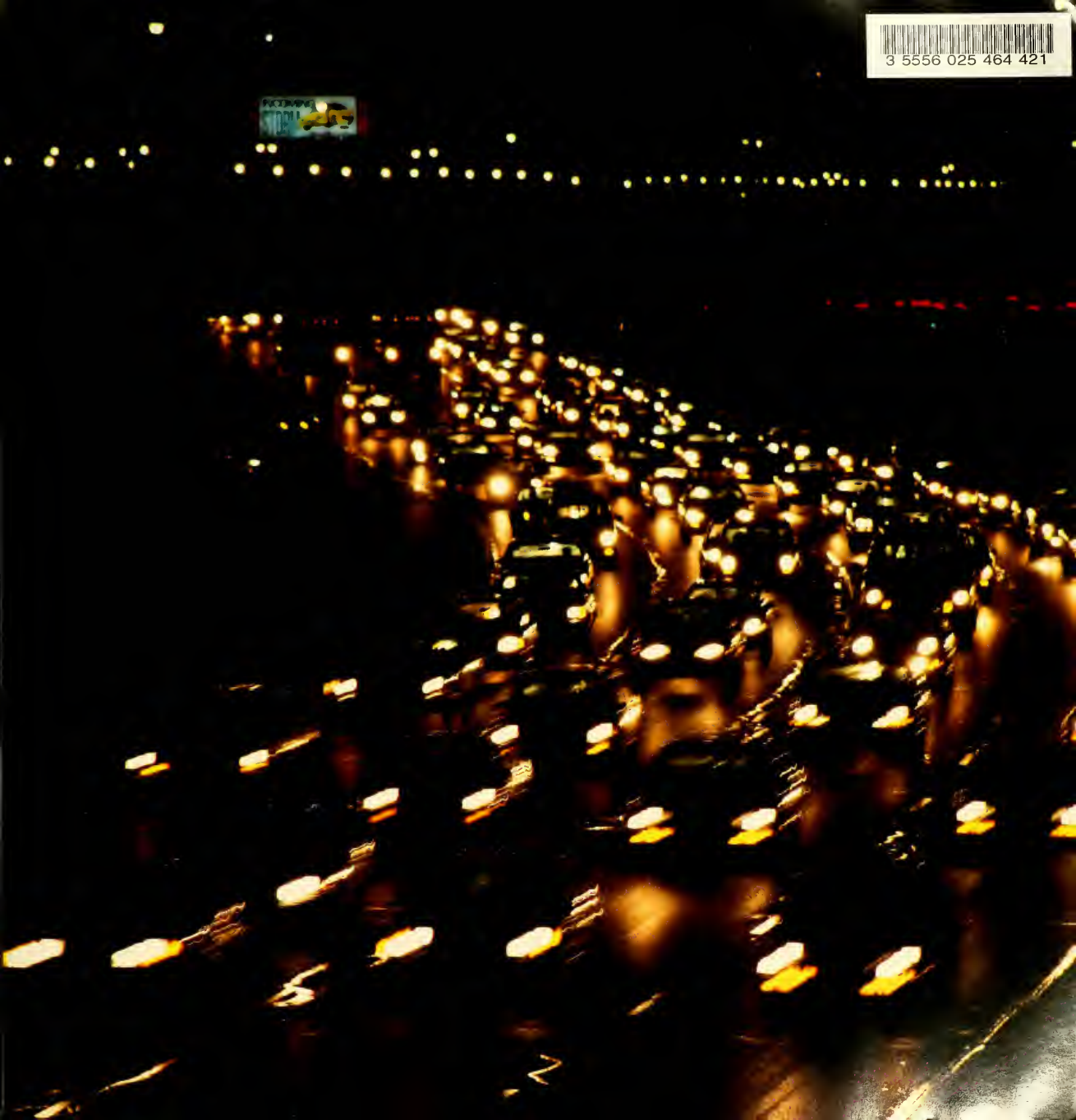
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Incoming Storm. Every year more than 900 million hours are wasted in traffic jams. Close to 2 million tons of carbon dioxide is pumped out of automobiles and into our air *everyday*.



THE CHAIRMAN'S MESSAGE

THE HONORABLE JIM EDGAR, GOVERNOR
AND THE GENERAL ASSEMBLY
OF THE STATE OF ILLINOIS

Faced with a critical capital need of \$8 billion to rehabilitate an aging transportation system in 1988, the RTA turned to the state legislature to protect its \$16 billion operation. One year later, the General Assembly responded with a vote of confidence, approving a \$1 billion bond authorization. Last year, in 1990, the RTA secured the first \$100 million of those funds and embarked upon the comprehensive renovation of our transportation system. That is what this report is all about: those funds at work, buying locomotives and buses, repairing infrastructure, and protecting our system as a whole.

And protecting our region's transportation network has never been more important. To keep our environment clean, to reduce this nation's oil dependency and even to relieve our traffic-snarled communities, we must turn to public transportation as we move into the 21st Century.

Last year Congress passed a stringent Clean Air bill and sounded an environmental alarm for all of us. The legislation came not a moment too soon — every single day more than 2 million tons of carbon dioxide is pumped out of cars and into our air.

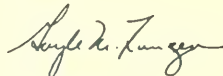
While our region's sprawling expansion has brought welcome economic development, it has also brought tremendous traffic congestion into the area. Every year in the U.S. more than 900 million hours are wasted in traffic jams. The productivity costs of those delays can not be calculated.

Finally, as we look back at a war in the Persian Gulf that tapped our country's collective concern for half of 1990, we must continue efforts to become less oil dependent — not more. The U.S. Department of Transportation estimates that if we don't change our patterns by the year 2000, our nation will be dependent on foreign imports for 55 percent of its oil supply.

As this report suggests, the funding mechanism approved by the General Assembly is a worthwhile investment, and one from which residents of this region will be seeing a return for some time to come. But there are still needs. Overhauling a system of this age and magnitude is a long and costly process. Yet, the costs of not reinvesting in transit, clearly, are greater.

In addressing the problems of a different era, almost 100 years ago, Chicagoans turned to a rapid transit system that boosted the city's preeminence in the late 1800s. Transit worked then, and the RTA is taking the necessary steps to keep the system working today, tomorrow, and into the future.

Sincerely,



Gayle M. Franzen

BOARD OF DIRECTORS



GAYLE M. FRANZEN
Chairman



LAURA A. JIBBEN
Executive Director



MARTIN R. BINDER



JERRY D. BOOSE



CLARK BURRUS



**PASTORA SAN JUAN
CAFFERTY**



CHARLES G. DALTON



SIDNEY DANOFF



DAVID L. DEMOTTE



KATHLEEN K. PARKER



DONALD L. TOTTEN



**JACQUELINE B.
VAUGHN**



WILLIAM D. WALSH



REV. ADDIE L. WYATT

HERITAGE



*Charles Tyson Yerkes
(1839 - 1905), Chief
promoter and builder
of the union loop.*

Spanning Three Centuries. In the late 1800s Chicago's population grew by more than 90 percent — from a small community of 30,000 people in 1850 to the nation's second largest city with some 1.7 million inhabitants by the turn of the century. To meet the needs of this sprawling metropolis, an elevated rail system was built and debuted on June 6, 1892. The next day's *Chicago Daily Tribune* announced "there was not a hitch during the entire day." Travelers talked with one another about being whisked from 39th street to what is now Roosevelt road in a record 14 minutes. The introduction of rapid transit meant getting around in Chicago would never be the same.

In much the same way, the Regional Transportation Authority is today trying to meet the same needs of those who live in Northeastern Illinois — although their numbers continue to grow. With some 2.2 million riders, the RTA serves more people every day than lived in all of Chicago in the early 1900s. More than 7 million people today make their homes in the northeast region of Illinois, and public transportation has expanded as well. The RTA oversees three Service Boards: the Chicago Transit Authority, Metra and Pace. Comprised of more than 5,000 vehicles that run over 14 radial rail lines and 362 bus routes, the RTA covers a region that is larger than the state of Rhode Island.

Rapid transit in Chicago has developed from a quaint 3-mile railway to an extensive \$16 billion operation called the RTA. Created by the Illinois General Assembly in 1973, the agency was to bring order to the increasingly chaotic business of mass transportation in Chicago, Suburban Cook, Will, DuPage, McHenry, Lake and Kane counties. Ten years later, the legislature restructured the agency to give it the power and financial stability needed to perform its mandated role. But perhaps the most important event in the history of the RTA occurred when the General Assembly recognized the tremendous need to rehabilitate the region's public transportation infrastructure. The legislature authorized issuance of up to \$1 billion in bonds to begin the extensive process of revitalization. The first \$100 million in bonds were issued in May 1990, allowing efforts to repair the system, and protect our base, to begin.

The Chicago Daily Tribune

TUESDAY JUNE 7, 1892—SIXTEEN PAGES

RUNNING ON THE "L"

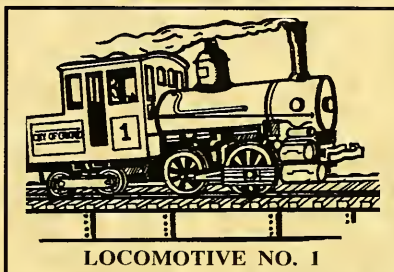
FIRST TRAIN GOES THROUGH IN FOURTEEN MINUTES.

Initial Day of the Real Rapid Transit an Encouraging One for Officers of the Road and South Side Residents — Cars Well Filled and Not a Hitch Occurs to Mar the Inauguration of the Long-Looked-For Service — Incidents of the Day — How Trains will Run.

Chicago's elevated railroad is in operation. At 7 o'clock yesterday morning the first north-bound train left Thirty-ninth street and in the four coaches were twenty-seven men and three women. Fourteen minutes later the train was at Congress street, and giving two minutes for changing engines it started on the elevated road thrown open to the public. There was no brass band, no oratory, no enthusiasm, but the opening was a decided success just the same.

During the day the trains were crowded, partly by persons who desired to make their first run over the new road. Those who made observation trips early in the day were well repaid for the trouble, for the people living on either side of the track had seemingly forgotten the warning about the start, and the passengers saw bits of domestic life usually hidden from the gaze of passing crowds. Late-risers were confronted with the alternative of lying in bed till darkness came again or watching until there would be no train in front, giving them the opportunity of pulling down the all-concealing blind. Servant girls, cooks and chambermaids left their work to watch from back porches the fast-flying trains as they went by, and late breakfasts were probably explained on that score.

The down trains in the morning up to 9 o'clock, and even after, were well patronized, and every passenger wore a pleased and satisfied expression. To many it was the first experience in really



LOCOMOTIVE NO. 1

rapid transit: to others, who have long been familiar with elevated roads in New York, comparisons were made, which were at least complimentary to the local road. No little interest was displayed in the rate of speed, and open watches were studied with as much care observing the

gentlemen, entire strangers to one another, freely discussed the novel, but none the less satisfactory journey, without the usual formality of introductions.

There was not a hitch during the entire day. The little engine would come puffing up to the stations, stop at the spot where the sign is placed without a perceptible tremor in the cars behind, start up again as easily as it had stopped, and go running away from the cable trains on State street or Wabash avenue. The running was smooth, and the elevated structure bore the strain with little tremor. Inside the cars there was less noise than in a cable car, and there were no trains or heavy wagons to get in the way and cause a vexatious delay. It was nice and pleasant, with a good breeze and an occasional view of the blue waters



THIRTY-FIFTH STREET STATION

time consumed between stations as though the Derby was being run instead of the initial trips on the "el" road. The new sensation of being whisked down-town from Thirty-ninth street in fourteen minutes, including all stops, so impressed many of those occupying seats that entirely sane

of Lake Michigan through the east and west streets.

The regular schedule put into effect yesterday gives a splendid service. There is no last car to be "chased," as the train service is kept up during the twenty-four hours.

REINVESTMENT

New Beginning. 1990 saw the beginning of one era and the end of another with the building of a new Comiskey Park. With significantly less fanfare, the Regional Transportation Authority similarly helped to replenish 40 percent of the CTA's aged bus fleet with the addition of 961 new vehicles last year. Two-thirds of the CTA's buses were more than 12 years old, far beyond the number of service years recommended by the federal government. Some of those vehicles had been in operation for two decades; many had journeyed almost 1 million miles.

These new vehicles feature electronic route signs on all sides of the bus; a public address system; upgraded, padded seats; and many added safety and comfort features. They are accessible to the disabled community with hydraulic wheelchair lifts and wider aisles.

Many of the new buses were purchased with RTA Capital Program funds. Almost one-half of the RTA's first \$100 million raised went toward expanding our bus fleet. By providing some 60 percent of all public mass transportation in Northeastern Illinois, the CTA's buses are a critical cornerstone of the system, and need to be protected.



The 1945 World Series at Wrigley Field.

Getting to the game has never been easier.



REINVESTMENT

Capital Assets. The RTA's Capital Program is also seeking to protect newly emerging markets by funding 40 new Pace suburban buses at a cost of \$9 million. The RTA spent more than \$700,000 to improve Pace maintenance facilities, which service a fleet of more than 700 buses and 145 paratransit vehicles. Over \$3 million of work on Pace's north shore garage was contracted out last year.

The RTA has expanded to meet new needs in our suburbs, and increased ridership indicates it is working. An estimated 40.3 million passengers took Pace in 1990.



The Chicago Motor Coach Company operated this vehicle through Lincoln Park during the 1920s.



REINVESTMENT

Rolling Stock. RTA funds are also at work to protect Metra's rolling stock. The Service Board's 14 rail lines carry over 250,000 commuters on its 600 trains every weekday. The RTA is taking steps to ensure that new trains are integrated into the system and that safety devices at stations remain state-of-the-art. Some 32 new locomotives and 173 coaches are on-order at the LaGrange-based Electro-Motive Division of General Motors Corp., and Metra expects delivery in the fall of 1991.

The new locomotives will feature "ditch lights," capable of shining 400 feet down the tracks, and videocameras that will help engineers to safely drop off and pick up passengers. They will be distinguished from their older counterparts with a different front design that has no hood — allowing the engineer a better, unobstructed view.

The coaches, too, will show a marked improvement. New safety-minded additions include emergency handbrakes, fire extinguishers, virtually unbreakable windows, and power-assisted doors that can be operated manually in case of a power failure.

Making over 3,500 trips a week to cover more than 1,200 miles of track takes a toll. To maintain the level of safety and comfort customers are used to, the agency is also upgrading its existing diesel locomotives and passenger cars. Warning lights are being enlarged from 8 to 12 inches in diameter, and crossing gate elements are being upgraded.



Two years ago this craftsman was pictured using hand-crafted parts for this 40-year-old locomotive. Today the RTA is on track to remove old locomotives from the system.



REINVESTMENT

Clearing a Path. Today the RTA is expanding efforts to reconstruct Metra's support structures, beginning major station reconstruction. Intensive work is underway at the LaSalle Street station, pictured here, at a cost of \$18 million. In 1990, the Service Board's total capital expenditures of \$152 million led the region. Of that, station improvements accounted for \$23 million — capital dollars at work protecting the existing system.

Renovation is expected to be completed at the station in late 1992.



Also two years ago, this support beam at Northwestern Station was shown to illustrate the need to improve the facility, which was built in 1911. RTA funds will provide for renovations at the station beginning in the third quarter of 1991.



REINVESTMENT

In the Light of Night. Perhaps one of the more exciting initiatives funded by the RTA this past year was Operation CLASS — Clean, Lighted And Safe Stations. The project has improved conditions at 10 rapid transit stations. Wooden platform materials have been replaced, lighting systems have been upgraded and canopies have been repaired. In all ten stations, agent booths are improved inside and out.

Funding from fiscal year 1990 made this \$3 million project a reality at the Kedzie, Wellington, Paulina and Francisco stops on the Ravenswood line; at the Clinton and Ridgeland stations on the Lake route; at South Boulevard on the Evanston line; Thorndale on the Howard line; Lake Transfer in the Dearborn Subway; and Kedzie on the Douglas route. For the thousands of commuters that use those stations every day and night, Operation CLASS made life safer.



The Lawrence Avenue station is still in need of repair, but funds cleared by the General Assembly are at work to refurbish some of the CTA's 143 passenger stations located on the agency's six rapid transit lines.



EXPANSION

New Challenges: Suburban Congestion. One hundred years after the first elevated rail system was built, the RTA is today again turning to rapid transit to meet the needs of a sprawling community. In 1990, however, that “community” is a cluster of more than 250 suburbs.

And those suburbs are no longer just bedroom communities. They are business centers, office complexes and industrial parks. Rush hour traffic now encompasses non-traditional commutes and reverse-flow patterns. To meet the mobility needs of our suburbs and, more importantly, to ensure continued economic stability in our region of the country, the RTA took several steps toward exploring Personal Rapid Transit this past year.

If built, PRT would offer small, personal cars seating no more than five passengers each; wait times of less than three minutes; fully accessible off-line stations, permitting riders to proceed straight to their own destinations without intermediate stops; lightweight guideways that are unobtrusive and aesthetically pleasing; fully-automated, computer programmed travel; and maximum passenger safety.

While actual construction of a PRT test site will depend on the results of engineering studies, and may not begin for several years, the initial response to such a system has been phenomenal. Some 20 suburbs expressed an interest in having PRT in their areas.

Markets of the Future. In addition to considering Personal Rapid Transit and other new technologies, the RTA and its component agencies are working with the tools we have today to tap into the expanding markets of our region. Heavy rail lines, currently used for freight operations, will be examined to connect our ever-growing suburbs. Metra is working on possible commuter service between Elgin and Aurora. Consideration of a city circulator is also underway, and shows much promise with a unique three-way funding mechanism of the state, federal government and private business sharing the burden equally. RTA Chairman Gayle M. Franzen and Director Clark Burrus serve on the Governance Board of the important circulator project.



EXPANSION

Protecting The Base. In addition to expanding into markets of the future, the RTA is protecting its current base operation with critical improvements to the system. Upgrading both heavy and light rail stations, buying new buses for the CTA and Pace fleets, building new locomotives and coaches that will improve safety for those who use Metra -- this is the RTA Capital program at work for the people of Northeastern Illinois.

As public transportation enters the third century of service for Chicago area residents, the RTA and its three component agencies continue to meet the challenges of today with an innovative vision of tomorrow, all while employing the important lessons of yesterday.



FINANCIAL REPORT



PRO FORMA COMBINING FINANCIAL REPORT OF THE REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

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INTRODUCTORY SECTION

LETTER OF TRANSMITTAL

MR. GAYLE M. FRANZEN, CHAIRMAN
REGIONAL TRANSPORTATION AUTHORITY
ONE NORTH DEARBORN STREET
CHICAGO, ILLINOIS 60602

We are pleased to present the Pro Forma Combining Annual Financial Report for the Regional Transportation Authority, the Chicago Transit Authority, the Commuter Rail Division and the Suburban Bus Division for the Fiscal Year Ended December 31, 1990. The purpose of this report is to fulfill the requirements of Section 4.05 of the RTA Act. This report presents the operations of our transit system in the aggregate and not as individual components. It allows you to see the magnitude of the resources on hand and in use for mass transportation in the Northeastern Illinois Region.

The Pro Forma Combining Financial Statements have not been audited, but their compilation has been reviewed by the RTA's independent auditors. The individual financial statements of each of the entities have been audited by their independent auditors. These reports are available upon request.

The significant accomplishments related to fiscal 1990 for the region as a whole include:

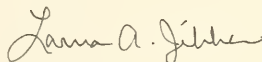
- The region-wide system generated revenue recovery ratio of 55.58% for 1990 was 3.30% higher than 1989 performance of 52.28% and exceeded the budgeted recovery ratio by 3.39%.
- 1990 operating revenues of \$615.5 million represent an increase of 10.29% over 1989.
- 1990 operating expenses, excluding depreciation and capital expenditures, increased 7.00% over 1989 operating expenses.
- Sales tax revenues for 1990 increased to \$444.1 million from \$430.0 million in 1989, or 3.28%.

Finally, it is important to note that on a combining basis, the RTA and the Service Boards completed 1990 in a favorable financial position for the seventh consecutive year since the reorganization of the RTA system.

This record of sound financial management provides a solid foundation upon which we can plan for the future. In fact, it is fundamental to our plans for rehabilitating the Region's public transportation infrastructure through the issuance of RTA debt. As you are aware, this program was begun during 1990 with the 1990A Bond Issue of \$100,000,000.

We are proud of our financial condition and of the progress of public transportation in Northeast Illinois. We continue to be committed to fiscal prudence and planning to ensure continuation of favorable fiscal performance. We thank you for your ongoing support. The commitment and leadership of the Chairman and the Board of Directors is fundamental to the success of public transportation in Northeastern Illinois and is greatly appreciated.

Sincerely,



Laura A. Jibben
Executive Director



Frederick B. Ollett
Assistant Executive Director
Finance & Administration

PRO FORMA COMBINING FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

**Deloitte &
Touche**



BOARD OF DIRECTORS
REGIONAL TRANSPORTATION AUTHORITY
CHICAGO, ILLINOIS

We have audited the financial statements of the Regional Transportation Authority, the financial planning and oversight agency for regional transit operations, and the Chicago Transit Authority, as of and for the year ended December 31, 1990, and December 29, 1990, respectively, and have issued our report thereon dated April 5, 1991, and May 3, 1991, respectively. These financial statements are the responsibility of the Regional Transportation Authority and the Chicago Transit Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above which reflect total assets and revenues constituting 68% and 90% respectively, of the pro forma combined totals of the Regional Transportation Authority; the Chicago Transit Authority; the Northeast Illinois Railroad Corporation (Commuter Rail Division); and the Suburban Bus Division - PACE, referred to herein as the Service Boards, present fairly, in all material respects, the financial position of the Regional Transportation Authority and the Chicago Transit Authority at December 31, 1990 and December 29, 1990, respectively, and the results of their operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

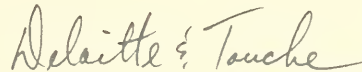
As to the financial statements of the Northeast Illinois Railroad Corporation (Commuter Rail Division) and the Suburban Bus Division - PACE (the Service Boards), we were furnished with the reports of other auditors on their audits for 1990. The auditors' reports on the Services Boards were unqualified.

We have checked, as to compilation only, the pro forma combining balance sheet of the Regional Transportation Authority and the Services Boards as of December 31, 1990, the pro forma combining statement of revenues and expenditures, and the pro forma combining statement of cash flows for the year then ended. In our opinion, based on our audits and on the reports of the other auditors, the pro forma combining financial statements referred to above have been properly compiled on the basis therein.

INDEPENDENT AUDITORS' REPORT

Our audits were conducted for the purpose of forming an opinion on the stand-alone financial statements of the Regional Transportation Authority taken as a whole and the stand-alone financial statements of the Chicago Transit Authority taken as a whole. The accompanying pro forma combining region-wide statement of revenues and expenditures and pro forma combining region-wide budgetary basis statement are presented for purposes of additional analysis and are not a required part of the financial statements of the Regional Transportation Authority or the Chicago Transit Authority. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based upon our audit and on the reports of the other auditors, has been properly compiled on the basis described therein.

The accompanying statistical data is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on such statistical data.

A handwritten signature in dark ink, reading "Deloitte & Touche", written in a cursive, flowing style.

May 29, 1991

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

PRO FORMA COMBINING BALANCE SHEET

December 31, 1990

(in thousands)

Assets	RTA Combined Funds	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Combining Adjustments		Pro Forma Combined Balance
					Debt	Credit	
Current Assets:							
Cash and Investments (Note 7)							
Restricted	\$148,287	\$36,464		\$5,900			\$190,651
Unrestricted	9,904	6,984	\$22,831	2,188			41,907
Reserved for capital projects	146,224	16,630	54,271	7,972			225,097
Receivables:							
Sales tax	91,138						91,138
Interest on sales tax	154						154
Reduced fare reimbursement	20,847						20,847
PTF receivable	9,492						9,492
Interest on investments	5,035						5,035
Interagency	2,752					\$2,752	
Due from other funds	1,304						1,304
Due from Metra (Note 8)	38,620					38,620	
Other receivables	99	12,820	8,148	2,466		1,205	22,328
Grant projects		12,054	25,208	764		2,334	35,692
Financial assistance - RTA		79,636	31,334	13,618		124,588	
Other carriers			2,491	271			2,762
Materials and supplies		58,600	5,539	2,988			67,127
Prepaid expenses	80	2,986	506	288			3,860
Total Current Assets	473,936	226,174	150,328	36,455	0	169,499	717,394
Fixed Assets:							
Plant, property and equipment	4,871	1,634,656	982,369	175,165			2,797,061
Construction in progress			3,416	4,046			7,462
Less: accumulated depreciation		(647,789)	(216,263)	(60,082)			(924,134)
Total Fixed Assets	4,871	986,867	769,522	119,129	0	0	1,880,389
Other Assets:							
Investment relating to employee benefit plan		127,585	8,954				136,539
Other		5,406					5,406
Amount available in debt service fund	5,133						5,133
Amount to be provided for retirement of general long-term debt	121,232						121,232
Total Other Assets	126,365	132,991	8,954	0	0	0	268,310
Total Assets	\$605,172	\$1,346,032	\$928,804	\$155,584	0	\$169,499	\$2,866,093

The accompanying notes to the pro forma combining financial statements are an integral part of this statement.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

PRO FORMA COMBINING BALANCE SHEET

December 31, 1990

(in thousands)

Liabilities, Public Investment & Fund Equity	RTA Combined Funds	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Combining Adjustments		Pro Forma Combined Balance
					Debt	Credit	
Current Liabilities:							
Vouchers Payable	\$2,851	\$57,180	\$31,251	\$5,094			\$96,376
Payable to Service Boards:							
Operating assistance	15,467				\$15,467		
New initiatives	1,044				1,044		
Capital grants	13,320				13,320		
Sales tax	77,467				77,467		
Interest on sales tax	131				131		
Reduced fare reimbursement	20,847				20,847		
Due to other funds	1,304						1,304
Accrued other expenses	2,099	75,143	21,750	2,267	248		101,011
Deferred operating assistance		11,799			11,799		
Deferred revenue		4,908	2,276				7,184
Current portion of injury and damage reserve	3,018	13,500		2,062	2,500		16,080
Advances, deposits and other liabilities		24,375		4	4		24,375
Financial assistance to other carriers			1,583	144			1,727
Current obligation - RTA			13,580		13,580		
Total Current Liabilities	137,548	186,905	70,440	9,571	156,407	0	248,057
Long-Term Liabilities:							
General Obligation Bonds payable (Note 9)	126,365						126,365
Injury and damage reserve		31,090	20,443	4,400			55,933
Employees' deferred compensation plan		127,585	8,953				136,538
Accrued benefits		18,622					18,622
Accrued pension cost		132,740					132,740
Long-term obligation - RTA			25,040		25,040		
Other long-term liabilities		7,547					7,547
Total Long-Term Liabilities	126,365	317,584	54,436	4,400	25,040	0	477,745
Total Liabilities	263,913	504,489	124,876	13,971	181,447	0	725,802
Public Investment and Fund Equity:							
Contributed Capital	46,000	1,017,600	3,025				1,066,625
Investment in general fixed assets	4,871						4,871
Retained earnings	1,110						1,110
Fund Balance:							
Reserved for 87 and prior budgeted capital	32,569						32,569
Reserved for 88 thru 90 budgeted capital	146,224						146,224
Reserved for debt service	7,730						7,730
Available for current appropriations	102,755		74,854	19,258			196,867
Public Investment, net of depreciation			726,049	122,355	531,832	\$543,780	860,352
Accumulated deficit		(176,057)					(176,057)
Total Public Investment and Fund Equity	341,259	841,543	803,928	141,613	531,832	543,780	2,140,291
Total Liabilities, Public Investment and Fund Equity	\$605,172	\$1,346,032	\$928,804	\$155,584	\$713,279	\$543,780	\$2,866,093

The accompanying notes to the pro forma combining financial statements are an integral part of this statement.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

PRO FORMA COMBINING STATEMENT OF

REVENUES AND EXPENDITURES

For the Fiscal Year Ended December 31, 1990

(in thousands)

	RTA Combined Funds	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Combining Adjustments		Pro Forma Combined Balance
					Debit	Credit	
Revenues:							
Passenger fares		\$335,638	\$66,246	\$24,808			\$426,692
Other		53,837	21,346	6,636			81,819
RTA financial assistance		327,637	149,747	54,448	\$531,832		
Sales taxes	\$444,110						444,110
Interest on sales taxes	1,297						1,297
Federal operating assistance	49,947						49,947
PTF	110,855						110,855
State reduced fare reimbursement	39,646						39,646
Investment income	23,827						23,827
Other grants and reimbursements	172						172
Total Revenues	669,854	717,112	237,339	85,892	531,832	0	1,178,365
Expenditures:							
Operating expenses		728,432	204,212	79,669			1,012,313
Depreciation		62,125	37,557	13,190			112,872
Operating grants to Service Boards	523,811					\$523,811	
Capital grants to Service Boards	93,838					12,496	81,342
New initiatives to Service Boards	1,648					1,648	
Reduced fare reimbursement to Service Boards	39,646						39,646
Sales tax interest to Service Boards	1,103						1,103
Administration	4,845						4,845
Regional expenses	6,323						6,323
Debt Service	10,680						10,680
Fixed assets additions	1,940						1,940
Total Expenditures	683,834	790,557	241,769	92,859	0	537,955	1,271,064
Net Revenues (Expenditures)							
Before Depreciation Exclusion	(13,980)	(73,445)	(4,430)	(6,967)	531,832	537,955	(92,699)
Depreciation exclusion		58,133	37,557	13,190			108,880
Bond proceeds	100,000						100,000
Capital farebox financing			(7,367)				(7,367)
Net Revenues (Expenditures)	\$86,020	(\$15,312)	\$25,760	\$6,223	\$531,832	\$537,955	\$108,814

The accompanying notes to the pro forma combining financial statements are an integral part of this statement.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS
PRO-FORMA COMBINING STATEMENT OF CHANGES IN
PUBLIC INVESTMENT AND FUND BALANCE

For the Fiscal Year Ended December 31, 1990

(in thousands)

	RTA Combined Funds	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Combining Adjustments		Pro Forma Combined Balance
					Debit	Credit	
Balance at December 31, 1989	\$253,310	\$841,254	\$678,576	\$113,231			\$1,886,371
Net revenues (expenditures) exclusive of depreciation	86,020	(15,312)	33,127	6,223	\$531,832	\$537,955	116,181
Additions (retirement) of general fixed assets	1,929						1,929
Combining adjustments to public investment, net of depreciation						5,825	5,825
Contributed capital assets:							
Urban Mass Transportation Administration		55,792	63,300	26,576			145,668
Illinois Department of Transportation		7,071	13,091	4,551			24,713
Regional Transportation Authority		10,871	66,354	3,955			81,180
Metra investment in capital grant properties			(12,963)				(12,963)
Current year depreciation on other capital assets		(58,133)	(37,557)	(13,190)			(108,880)
Adjustment representing the transfer of Joliet and Aurora assets				267			267
Balance at December 31, 1990	\$341,259	\$841,543	\$803,928	\$141,613	\$531,832	\$543,780	\$2,140,291

The accompanying notes to the pro forma combining financial statements are an integral part of this statement.

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS

PRO FORMA COMBINING STATEMENT OF CASH FLOWS

For the Fiscal Year Ended December 31, 1990

(in thousands)

	RTA Joint Self- Insurance Fund	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Pro Forma Combined Balance
Cash Flows From Operations:					
Net revenues (expenses) -					
before financial assistance	\$822	(\$401,082)	(\$154,177)	(\$48,225)	(\$602,662)
Reconciling adjustments:					
Depreciation		62,125	37,557		99,682
Provision for claims		(2,392)	2,987	1,092	1,687
Changes in assets and liabilities:					
Decrease (Increase) in accounts receivable	61	(1,599)	980	1,597	1,039
Decrease (Increase) in materials and supplies		(3,183)	(378)	94	(3,467)
Decrease (Increase) in prepaid expenses		2,511	(148)	6	2,369
(Increase) in long-term marketable securities		(15,238)	(14,495)		(29,733)
Increase (Decrease) in accounts payable	227	3,389	8,560	(3,272)	8,904
Increase (Decrease) in advances and deposits		4,910		(242)	4,668
Increase in accrued expenses		36,612	5,355	265	42,232
Increase in financial assistance payable to carriers			149	(741)	(592)
Net cash provided by operating activities	1,110	(313,947)	(113,610)	(49,426)	(475,873)
Cash Flows From Capital and Related Financing Activities:					
Contributed capital	2,500				2,500
(Increase) in interagency receivable	(2,500)				(2,500)
Financial assistance - operating		333,958	149,746	54,448	538,152
(Increase) in accounts receivables financial assistance - RTA		(15,209)	(2,827)		(18,036)
(Decrease) in due to RTA				(4)	(4)
Grants for capital improvements		67,972	129,601	35,082	232,655
(Increase) in accounts receivables - grant projects			(8,623)		(8,623)
Additions to transportation property		(86,944)	(155,566)	(34,468)	(276,978)
(Decrease) in other long-term liabilities		324	(6,790)	(823)	(7,289)
Other		(429)			(429)
Net cash provided by capital and related financing activities	0	299,672	105,541	54,235	459,448
Net increase in cash and temporary investments	1,110	(14,275)	(8,069)	4,809	(16,425)
Cash and cash equivalents at beginning of year	43,546	43,289	65,330	11,251	163,416
Cash and cash equivalents at end of year	\$44,656	\$29,014	\$57,261	\$16,060	\$146,991

The accompanying notes to the pro forma combining financial statements are an integral part of this statement.

NOTES TO PRO FORMA COMBINING FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATIONAL STRUCTURE

RTA. The Regional Transportation Authority (RTA) was established in 1974 upon the approval of a referendum in its six-county Northeastern Illinois region. The operating responsibilities of the RTA are set forth in the RTA Act. The RTA is a unit of local government, body politic, political subdivision and municipal corporation of the State of Illinois. As initially established, the RTA was an operating entity responsible for providing day-to-day bus and rail transportation services. At that time, the RTA made grants to the Chicago Transit Authority (CTA), which provided the bus and rapid transit service in Chicago and some adjacent Cook County suburbs. However, in 1983 the Illinois General Assembly reorganized the structure and funding of the RTA from an operating entity to a planning and oversight entity. The reorganization placed all operating responsibilities in the CTA and two operating divisions of the RTA: the Commuter Rail Division ("METRA"), and the Suburban Bus Division ("Pace"), each having its own independent board. These divisions conduct operations and deal with subsidized carriers. These three entities are defined in the RTA Act as the "Service Boards."

The RTA Act sets forth detailed provisions for the allocation of receipts by the RTA to the various Service Boards, and imposes a requirement that the RTA's system as a whole achieves annually a "system generated revenue recovery ratio" (i.e., aggregate income for transportation services provided) of at least 50% of the cost of the transportation services. The Service Boards achieve their required recovery ratio by establishing fares and related revenue to cover the required proportion of their proposed expenses. The RTA has financial oversight responsibility for the budgets and financial performance monitoring of the CTA, METRA and Pace.

CTA. The CTA was formed in 1945 pursuant to the Metropolitan Transportation Authority Act passed by the Illinois legislature. The CTA was established as an independent governmental agency (an Illinois municipal corporation) "separate and apart from all other government agencies" to consolidate Chicago's public and private mass transit carriers. The City Council of the City of Chicago has granted the CTA the exclusive right to operate a passenger transportation system within the City of Chicago.

METRA. The Northeast Illinois Regional Commuter Railroad Corporation, a public corporation acting under the service name of METRA, was established in 1980 to serve as the RTA's commuter rail division. METRA has the responsibility for policy making with respect to actual day-to-day operations, capital investments, fare levels, and service and facilities planning for its operations. METRA is directly responsible for the operation and management of the commuter services of the Rock Island, Milwaukee Road and Metra Electric and Heritage Corridor commuter rail lines. METRA also has responsibility for administration of all commuter rail activities in the metropolitan Chicago area including deficit funding and capital grant application and administration activities.

Deficit funding operations arise from purchase of service agreements with the participating Chicago commuter rail carriers including: Chicago and NorthWestern Transportation Company, Burlington Northern Railroad Company, Norfolk Southern Railway Company; and Chicago, South Shore and South Bend Railroad/Northern Indiana Commuter Transportation Districts. Under these agreements, METRA funds the commuter related operating deficits of these carriers in addition to providing for certain direct expenses such as fuel, electricity and insurance coverage considered "in kind assistance". The title to the roadway and structure assets of these carriers, other than capital improvements funded by federal, state and local grants and by METRA generated funds, is vested with the carriers and, accordingly, such assets are not reflected in these financial statements.

NOTES TO PRO FORMA COMBINING FINANCIAL STATEMENTS

Pace. Independent operations of Pace commenced July 1, 1984. The Pace Board of Directors is empowered to operate suburban bus service within suburban Cook County and the five collar counties of DuPage, Kane, Lake, McHenry and Will.

Pace determines the level, nature and kind of public transportation services that should be provided in the suburban region.

Reporting Periods. The RTA, METRA and Pace are reported on a calendar year basis, with a fiscal year ended December 31, 1990. The CTA's fiscal year was December 31, 1989 through December 29, 1990. All statements enclosed herewith are based on each entity's fiscal year.

NOTE 2 - REPORTING ENTITY

Government accounting and financial reporting standards as established by Statement 3 and Interpretation 7, "Defining the Governmental Reporting Entity", issued by the National Council of Governmental Accounting and adopted by the Governmental Accounting Standards Board, require disclosure in the notes of governmental financial statements of the results of applying Statement 3 and Interpretation 7 criteria to specific affiliated organizations. The assets, liabilities, revenues, and expenditures of all affiliated organizations determined to be part of a governmental reporting entity generally must be included on the face of its financial statements. Thus, it is necessary to determine whether the CTA, METRA and Pace are part of the RTA Statement 3 and Interpretation 7 reporting entity.

The basic criteria for determining whether an affiliated organization is part of a governmental reporting entity is the exercise of oversight responsibility. The Statement sets forth various manifestations of oversight responsibility (responsibility for debt, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, etc.) which indicate that an affiliated organization should be included within the reporting entity.

An affiliated organization generally should be included within a governmental reporting entity, regardless of the degree of oversight responsibility, if its activities are: (1) for the benefit of the reporting entity and/or its residents, (2) conducted within the geographic boundaries of the reporting entity, and (3) generally available to the citizens of the reporting entity.

In the judgement of the management of each of the entities and with the concurrence of their auditors, analysis and application of Statement 3 and Interpretation 7 criteria indicate that, while the RTA does exercise some fiscal oversight, the CTA, METRA and Pace are not part of the RTA reporting entity for purposes of preparing a comprehensive annual financial report in accordance with governmental accounting and financial reporting standards. Accordingly, financial statements for the CTA, METRA and Pace are not included or combined with the RTA's financial statements. They are combined, however, in this Pro Forma Combining Annual Financial Report. The Pro Forma Combining Annual Financial Report is a statutorily required report and is not required under governmental accounting and financial reporting standards.

In arriving at this conclusion, the following factors were considered;

- The CTA, METRA and Pace maintain separate management, exercise control over all operations (including the passenger fare structure), and are accountable for fiscal matters including: ownership of assets, relations with

NOTES TO PRO FORMA COMBINING FINANCIAL STATEMENTS

federal and state transportation funding agencies that provide financial assistance in the acquisition of these assets, and the preparation of operating budgets. The CTA, METRA and Pace are also responsible for the purchase of services and approval of contracts relating to their operations.

- The RTA Board has control neither in the selection or appointment of any Service Board Director nor of any of its management. Further, directors of the CTA, METRA and Pace are excluded, except for the Chairman of the Chicago Transit Board who is also an RTA Board member, from serving on more than one entity's board of directors, including that of the RTA.
- The CTA, METRA and Pace provide services to different geographic areas within the six-county region. METRA provides transit service to the six-county area with the majority of the transit riders residing in the suburban metropolitan area and commuting into the City of Chicago. Pace's primary service area is the suburban communities with limited service to areas within the City of Chicago. The CTA provides service to the City of Chicago and neighboring suburbs within Cook County. Although programs are underway to increase the transfer of ridership between the service entities, trips of this type presently represent a minority of those taken.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the RTA, CTA, METRA and Pace conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies:

Fund Accounting. The RTA maintains its records using a governmental fund accounting model consisting of a General Fund, a Debt Service Fund, a Capital Projects Fund, a Joint Self-Insurance Fund and an Agency Fund. All governmental funds and the Agency Fund are accounted for using the modified accrual method of accounting, i.e. revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred. The Joint Self-Insurance Fund is accounted for on the accrual method of accounting. Fixed asset transactions are accounted for in the General Fixed Assets Account Group. Long-term liabilities are accounted for in the General Long-Term Debt Account Group. For the purpose of these pro forma statements, all RTA funds are combined, where appropriate.

The Service Boards are accounted for on a proprietary fund basis. Accordingly, the accrual method of accounting is utilized by the Service Boards. For purposes of these pro forma combining financial statements, Service Board financial statements are combined with those of the RTA.

Cash and Investments. All investments are recorded at cost, which approximates market value, except for investments held by the CTA for their deferred compensation plan which are reported at market value.

Fixed Assets. All fixed assets are recorded at cost. In calculating depreciation, each of the Service Boards uses the straight-line method. The estimated useful lives vary depending on the type of fixed asset. These useful lives range from one to forty-five years.

Material and Supply Inventories. Each of the Service Boards record their inventory at the lower of cost or market. CTA and METRA use the average cost method to determine the cost base. Pace uses the first-in, first-out method to determine cost.

NOTES TO PRO FORMA COMBINING FINANCIAL STATEMENTS

Compensated Absences. All four entities have recorded a liability for vested vacation time in the year the time was earned.

Revenues. The region has five principal sources of revenue and other financing sources: (1) farebox revenue; (2) retailers' occupation taxes, service occupation taxes, and use taxes (collectively, "Sales Taxes"); (3) funds appropriated to the RTA by statute through the State's Public Transportation Fund established under the RTA Act; (4) funds in respect of state or federal grants, loans, or any other such funds, which the RTA is authorized to apply for and receive under the RTA Act; and (5) investment income and other miscellaneous revenue.

Fare Box Revenue. A major source of revenue to the Service Boards is fares collected from riders. Each entity has its own fare structure and method for collection of fares. Farebox revenue is recognized when fares paid are initially valid for transportation services.

Taxes. The RTA Sales Tax currently imposed by the RTA consists of (i) in Cook County, (a) a tax of 1% of the gross receipts from sales of drugs, certain medical supplies and food prepared for consumption off the premises (other than for immediate consumption) imposed on all persons selling tangible personal property at retail (a "Food and Drug Tax") and (b) a tax of .75% of the gross receipts from all other taxable retail sales; (ii) in counties within Northeastern Illinois (other than Cook County) a tax of .25% of the gross receipts from all taxable retail sales (together with (i) (b), a "General Sales Tax"); and (iii) a tax of .75% on the use in Cook County, and .25% on the use of Northeastern Illinois other than Cook County of tangible personal property purchased from a retailer outside Northeastern Illinois and titled or registered with a State agency by a person with a Northeastern Illinois address (a "Use Tax"). The taxes described in (i) and (ii) above are also imposed on persons engaged in making sales of services pursuant to which tangible personal property or real estate (as incident to a sales of a service) is transferred (with respect to the taxes in (i) and (ii), a "Service Occupation Tax").

The RTA Sales Tax is collected by the Illinois Department of Revenue and paid to the Treasurer of the State of Illinois to be held in trust for the RTA outside the State Treasury. Proceeds from the RTA Sales Tax are payable monthly, without appropriation, by the State Treasury on the order of the State Comptroller directly to the RTA.

Also, proceeds from certain sales taxes imposed by the State are allocated to the RTA as part of the restructuring of the state and local sales taxes in Illinois. Until January 1, 1990, the State General Sales Tax, State Use Tax and State Service Occupation Tax portions of the RTA sales tax were imposed at a rate of 1% in Cook County. Effective January 1, 1990, as a result of legislation (the "Sales Tax Reform Act") aimed at simplifying the base and rate structure of taxes imposed by the state and its local governments, including the RTA, the State General Sales Tax, State Use Tax, State Service Occupation Tax and State Service Use Tax were increased from 5% to 6.25% and any corresponding portions of the RTA sales tax in Cook County were reduced from 1% to .75%. In order to avoid a revenue loss to the RTA because of the reduction in this portion of the RTA sales tax, The Sales Tax Reform Act directed that portions of the receipts from the State General Sales Tax, State Use Tax, State Service Occupation Tax and State Service Use Tax be paid to the RTA annually.

NOTES TO PRO FORMA COMBINING FINANCIAL STATEMENTS

Specifically, 4% of the net monthly revenue from the 6.25% State General Sales Tax and State Service Occupation Tax and 4% of the net monthly revenue from the State Use Tax on personal property purchased at retail outside the state but registered or titled with a state agency within the state (i.e., .25% of total) is transferred into the County and Mass Transit District Fund in the State Treasury (the "CMTD Fund"). The amount in the CMTD Fund attributable to taxable sales occurring in Cook County or to property registered or titled in Cook County is then transferred into the RTA Occupation and Use Tax Replacement Fund in the State Treasury (The "Replacement Fund"). In addition, (i) the net monthly revenue from the State Use Tax and State Service Use Tax portions of the 1% State Food and Drug Tax and (ii) 20% of the net monthly revenue of the 6.25% State Use Tax and State Service Use Tax (i.e., 1.25% of total), other than revenues of such taxes attributable to personal property purchased at retail outside of the state but registered or titled with a state agency within the state, or deposited in the State and Local Sales Tax Reform Fund (the "Reform Fund"). Ten percent of the money paid into the Reform Fund is then transferred into the Replacement Fund.

The RTA Act provides that the RTA withhold 15% of the tax revenues generated and that these revenues are deposited into the RTA's General Fund. The RTA is required to pass on to the Service Boards, pursuant to statutory formula, an amount equal to the remainder of such tax revenues. The remaining 85% of sales tax is allocated to the Service Boards as follows:

Service Board	Collected Within Chicago	Collected Within Cook County Outside Chicago	Collected in DuPage Kane, Lake, McHenry and Will Counties
CTA	100%	30%	-
METRA	-	55%	70%
Pace	-	15%	30%

The criteria applied for recognition of the receivable and related revenue are that the amounts are "measurable and available" for the RTA to meet its current obligations.

Public Transportation Fund (PTF). In accordance with the RTA Act, the State Treasurer is authorized and required to transfer from the state's general revenue fund to a special fund in the State Treasury designated the "Public Transportation Fund" an amount equal to 25% of net revenues realized from sales taxes (or, as the case may be, gasoline or parking taxes) imposed by the Board. These amounts may be paid to the RTA only upon state appropriation. The state has approved an appropriation from the Public Transportation Fund through its 1991 fiscal year which will end June 30, 1991.

None of the revenues from the Public Transportation Fund are payable to the RTA unless and until it certifies to the Governor, State Comptroller, and Mayor of the City of Chicago that the RTA has adopted a budget and financial plan as called for by the RTA Act.

NOTES TO PRO FORMA COMBINING FINANCIAL STATEMENTS

The amounts allocable to each of the Service Boards from funding received by the RTA from the state's Public Transportation Fund are allocated at the discretion of the RTA Board in connection with the review and approval of the annual revised budgets of each Service Board. The allocable amounts of such funds are payable as soon as may be practicable upon their receipt, provided the RTA has adopted a budget pursuant to Section 4.01 of the Act, and the Service Board that is to receive such funds is in compliance with the budget requirement imposed upon the Service Board pursuant to Section 4.11 of the Act.

Federal Operating Assistance Grant. A grant is provided to the RTA under Section 9 of the Federal Urban Mass Transportation Act. The revenue is recognized on the modified accrual basis in the year funds are actually received based upon final approval of the grant. All funds received under this grant are "passed through" to the Service Boards.

Reduced Fare Reimbursement. The Legislature has appropriated funds for a program under which the Illinois Department of Transportation is authorized to provide to the RTA a reduced fare reimbursement grant for the purpose of reimbursing the Service Boards for actual revenue losses attributable to reduced fares for students, handicapped persons and the elderly. The revenue is recognized on the modified accrual method when the amount is requested from the Illinois Department of Transportation.

Reclassifications. CTA, METRA and Pace have made certain reclassifications to their 1989 balances to conform with 1990 statement presentation.

Combining Adjustments. Inter-agency receivables, payables, revenues, expenses and expenditures have been eliminated in accordance with generally accepted accounting principles. There are some differences in these amounts reported in the stand-alone financial statements of the RTA and the Service Boards. These valid differences relate primarily to differences in timing in the recording of certain transactions. For purposes of these pro forma combining financial statements, such differences are recorded as combining adjustments to public investment.

NOTE 4 – BUDGET AND BUDGETARY ACCOUNTING

Section 4.01(a) of the RTA Act requires the RTA prepare and adopt a comprehensive annual budget and program presenting the RTA's planned operations and capital expenditures for the forthcoming year. The budget is comprehensive and includes the activity in all funds except for the Capital Projects Fund.

The annual budget and related appropriations are prepared in conformity with generally accepted accounting principles except for capital grants, which are budgeted for on a project basis which normally exceeds one year, and debt service payments which are budgeted as transfers from the General Fund. RTA expenditures may not exceed budgeted appropriations except by RTA Board approval. All appropriations lapse at year-end. During the year, several supplementary appropriations were passed.

It is the policy of the RTA to fund the budgets of the Service Boards, up to the amount appropriated in the annual Budget Ordinance. The Service Boards shall maintain all financial records and shall prepare all financial statements and reports, including quarterly and annual reports required under the Act, in accordance with the following provisions:

NOTES TO PRO FORMA COMBINING FINANCIAL STATEMENTS

1. The first source of funds to be credited against the budgeted funding amount is from UMTA operating assistance grant;
2. The second source of funds to be credited against the budgeted funding amount is from 85% sales tax receipts;
3. The third source of funds to be credited against the budgeted funding amount is from PTF receipts; and
4. The fourth source of funds credited against the budgeted funding amount is from RTA 15% and other discretionary receipts.

For capital expenditures, the payment of PTF funds, 15% funds and other discretionary funds of the RTA shall be made under the terms and conditions of a grant agreement governing such capital expenditures.

NOTE 5 – LEASES

The RTA and METRA hold operating leases which are primarily for rent expense on the facilities they occupy. Pace is obligated under a capital lease for paratransit buses.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Each of the entities has various commitments that have arisen in the normal course of operations. None are expected to have a material adverse impact on their financial position as presented.

Each of the entities has also established liabilities for potential legal judgements to satisfy claims against the entity.

The RTA has also established a Loss Financing Plan to cover funding of losses incurred by the Service Boards over certain established limits.

NOTE 7 – CASH AND INVESTMENTS

The applicable statutory provisions governing the investment of public funds are found in Ill. Rev. Stat. Ch. 85, Sec. 901, et. seq. Each of the four entities also has established its own investment policy which is in line with the state statute, or in some cases more restrictive. Investment maturities range from less than a week to greater than a year for the RTA and METRA.

The RTA and Service Boards have on hand at December 31, 1990, \$437.7 million of cash and investments. Of that amount \$190.7 million is restricted for self-insurance and other damage reserve liabilities, debt service, health insurance claims, and capital projects for which debt has been issued. In addition, \$225.1 million is reserved for capital projects that are currently in the process of implementation which are to be paid from currently existing RTA and Service Board funds.

NOTE 8 - DUE FROM METRA

An agreement dated July 14, 1987 between the RTA and METRA stipulates that METRA would repay the RTA the principal sum of \$67.9 million in ten equal annual installments, without interest, beginning December 31, 1988, with final payment due December 31, 1997. In September 1987, METRA repaid the RTA \$11.8 million with UMTA grants which were used to retire a portion of the General Obligation Notes. The RTA forgave \$3.9 million of this receivable and accordingly

NOTES TO PRO FORMA COMBINING FINANCIAL STATEMENTS

made the corresponding balance of the General Obligation Note repayment with its own financial resources. METRA repaid \$6.79 million in January, 1989 and January, 1990, respectively. The remaining receivable from METRA at December 31, 1990 is \$38.62 million.

NOTE 9 – LONG-TERM DEBT

Changes during the year in long-term debt of the RTA were as follows:

	General Obligation Bonds 1990A	General Obligation Bonds 1986A	Total
Long-term obligation at December 31, 1989		\$30,005,000	\$30,005,000
New Issues in June, 1990	\$100,000,000		100,000,000
Current maturities and retirement		(3,640,000)	(3,640,000)
Long-term obligation at December 31, 1990	<u>\$100,000,000</u>	<u>\$26,365,000</u>	<u>\$126,365,000</u>

1986 General Obligation Bonds. On November 1, 1986, the RTA issued \$40 million General Obligation Bonds, Series 1986A, to establish a Joint Self-Insurance Fund for the RTA, CTA, METRA and Pace. The purpose of the Joint Self-Insurance Fund is to provide a source from which to pay substantial damage and other claims above retained limits payable by any of the participants arising out of personal injuries, property damage and certain other losses and damages. The Self-Insurance Agreement provides that the Joint Self-Insurance Fund is not available to pay the principal or interest on the Series 1986A Bonds.

The Series 1986A Bonds will mature on November 1 over a ten-year period and interest will be payable at rates ranging from 4.0% to 6.2% on May 1, 1987 and semi-annually thereafter on November 1 and May 1 in each remaining year.

Principal and interest requirements on the Series 1986A Bonds to maturity are set forth below:

Year	Principal	Interest	Total
1991	\$3,820,000	\$1,530,735	\$5,350,735
1992	4,025,000	1,330,185	5,355,185
1993	4,245,000	1,108,810	5,353,810
1994	4,485,000	866,845	5,351,845
1995	4,750,000	602,230	5,352,230
1996	5,040,000	312,480	5,352,480
Total	<u>\$26,365,000</u>	<u>\$5,751,285</u>	<u>\$32,116,285</u>

1990 General Obligations Bonds. On May 1, 1990, the RTA issued \$100 million General Obligation Bonds, Series 1990A, to establish a Capital Projects Fund to provide the source of paying costs of the Capital Program for the CTA, Metra and Pace.

NOTES TO PRO FORMA COMBINING FINANCIAL STATEMENTS

The Series 1990A Bonds will mature on November 1 over a thirty-year period and interest will be payable at rates ranging from 6.00% to 7.15% on November 1, 1990 and semi-annually thereafter on May 1 and November 1 in each remaining year.

Principal and interest requirements on the Series 1990A Bonds to maturity are set forth below:

Year	Principal	Interest	Total
1991	\$1,095,000	\$7,094,188	\$8,189,188
1992	1,160,000	7,028,488	8,188,488
1993	1,230,000	6,957,728	8,187,728
1994	1,310,000	6,880,853	8,190,853
1995	1,390,000	6,798,323	8,188,323
1996	1,480,000	6,709,363	8,189,363
1997	1,575,000	6,613,163	8,188,163
1998	1,680,000	6,509,213	8,189,213
1999	1,790,000	6,395,813	8,185,813
2000	1,915,000	6,274,093	8,189,093
2001	2,045,000	6,141,958	8,186,958
2002	2,185,000	6,000,853	8,185,853
2003	2,340,000	5,847,903	8,187,903
2004	2,505,000	5,682,933	8,187,933
2005	2,685,000	5,505,078	8,190,078
2006	2,875,000	5,313,100	8,188,100
2007	3,085,000	5,103,225	8,188,225
2008	3,310,000	4,878,020	8,188,020
2009	3,550,000	4,636,390	8,186,390
2010	3,810,000	4,377,240	8,187,240
2011	4,085,000	4,102,920	8,187,920
2012	4,380,000	3,808,800	8,188,800
2013	4,695,000	3,493,440	8,188,440
2014	5,035,000	3,155,400	8,190,400
2015	5,395,000	2,792,680	8,187,880
2016	5,785,000	2,404,440	8,189,440
2017	6,200,000	1,987,920	8,187,920
2018	6,645,000	1,541,520	8,186,520
2019	7,125,000	1,063,080	8,188,080
2020	<u>7,640,000</u>	<u>550,080</u>	<u>8,190,080</u>
Total	<u>\$100,000,000</u>	<u>\$145,648,405</u>	<u>\$245,648,405</u>

NOTES TO PRO FORMA COMBINING FINANCIAL STATEMENTS

The Series 1986A and 1990A Bonds are general obligations of the RTA to which the full faith and credit of the RTA are pledged. The Bonds are payable from all revenues and all other funds received or held by the Authority (except amounts in the self-insurance fund and amounts required to be held or used with respect to separate ordinance obligations), that lawfully may be used for retiring the debt.

The Bonds are secured by an assignment of and lien on the sales taxes imposed by the RTA. All sales tax receipts are to be paid directly to the Trustee by officials of the State of Illinois. Any amounts not needed to make the required monthly deposits for the bonds or other Authority obligations, or for deposit in the Debt Service Reserve Fund, are to be paid monthly to the RTA by the Trustee.

Under the RTA Act, the CTA's, METRA's and Pace's farebox receipts and funds on hand are not available for payment of debt service on the Bonds.

In the Debt Service Fund, \$5,132,546 is available to service the RTA's long-term debt as of December 31, 1990. The remaining balance in this fund is reserved for interest payments.

NOTE 10 – DEFERRED COMPENSATION

Each of the entities offers a deferred compensation plan to its employees. The RTA, CTA and METRA have plans created in accordance with Internal Revenue Code Section 457. METRA and Pace also offer 401(K) plans.

In each Section 457 plan, all amounts deferred, all property or rights purchased with such amounts, and all earnings on such investments are unrestricted assets of the entity until paid to the participant. The participants rights under the plan are equal to those of general creditors, although none of the entities plan to use these assets to satisfy liabilities.

NOTE 11 – PENSION

All eligible employees of the four entities are covered under a pension plan. RTA employees, as well as non-union employees of METRA and Pace are covered under the RTA Pension Plan which is a multi-employer non-contributory defined benefit cost sharing plan. The union employees of METRA and Pace are covered under various other plans as are required by their collective bargaining agreements.

The employees of the CTA are generally covered by the Employees Retirement Plan, governed by the terms of the employees collective bargaining agreement.

NOTE 12 – REGION-WIDE FINANCIAL INFORMATION

The RTA management has elected to present certain region-wide financial information. The purpose of this information is to provide a total overview of transportation related operations in the Northeastern Illinois region. Accordingly, this region-wide information is presented on the following two pages in a pro forma combining region-wide statement of revenues and expenditures and a pro forma combining region-wide budgetary basis statement of revenues and expenditures - budget and actual.

NOTES TO PRO FORMA COMBINING FINANCIAL STATEMENTS

The primary financial statements of the RTA and the Service Boards used to prepare the pro forma combining statements of revenues and expenditures do not include the aggregate of system generated revenues and costs. METRA properly nets the revenues and expenses for their private carriers. The pro forma combining region-wide statement of revenues and expenditures does include, however, the aggregate of all system revenues and costs. However, the Act modifies generally accepted accounting principles to exclude certain revenues and expenses from the calculation of the region-wide system generated revenues recovery ratio.

The RTA Act, as amended, requires that the aggregate of all system generated revenues equal at least 50% of the aggregated costs of providing such public transportation. This concept is described as the "system generated revenues recovery ratio."

For 1990, the region-wide system generated revenues recovery ratio is calculated as follows:

	1990 (in thousands)
System Generated Revenues	
CTA	\$389,475
Metra	170,756
Pace	29,571
RTA	19,155
Total System Generated Revenues	<u>\$608,957</u>
System Generated Expenses	
CTA	\$711,994
METRA	292,305
Pace	77,769
RTA	13,668
Total System Generated Expenses	<u>\$1,095,736</u>

Total system generated revenues recovery ratio equals revenues of \$609.0 million divided by a total expenses of \$1,095.8 million or 55.58%.

SUPPLEMENTARY FINANCIAL INFORMATION
REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS
PRO FORMA COMBINING REGION-WIDE STATEMENT OF
REVENUES AND EXPENDITURES

For the Fiscal Year Ended December 31, 1990

(in thousands)

	RTA Combined Funds	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Combining Adjustments		Pro Forma Combined Balance
					Debit	Credit	
Revenues:							
Passenger fares		\$335,638	\$147,331	\$24,808			\$507,777
Other		53,837	23,425	6,636			83,898
RTA financial assistance		327,637	149,747	54,448	\$531,832		
Sales taxes	\$444,110						444,110
Interest on sales taxes	1,297						1,297
Federal operating assistance	49,947						49,947
PTF	110,855						110,855
State reduced fare reimbursement	39,646						39,646
Investment income	23,827						23,827
Other grants and reimbursements	172						172
Total Revenues	669,854	717,112	320,503	85,892	531,832	0	1,261,529
Expenditures:							
Operating expenses		728,432	294,743	79,669			1,102,844
Depreciation		62,125	37,557	13,190			112,872
Operating grants to Service Boards	523,811					\$523,811	
Capital grants to Service Boards	93,838					12,496	81,342
New initiatives to Service Boards	1,648					1,648	
Reduced fare reimbursement to Service Boards	39,646						39,646
Sales tax interest to Service Boards	1,103						1,103
Administration	4,845						4,845
Non-Administration	6,323						6,323
Debt Service	10,680						10,680
Fixed assets additions	1,940						1,940
Total Expenditures	683,834	790,557	332,300	92,859	0	537,955	1,361,395
Net Revenues (Expenditures)							
Before Depreciation Exclusion	(13,980)	(73,445)	(11,797)	(6,967)	531,832	537,955	(100,066)
Depreciation exclusion		58,133	37,557	13,190			108,880
Bond proceeds	100,000						100,000
Net Revenues (Expense/Expenditures)	\$86,020	(\$15,312)	\$25,760	\$6,223	\$531,832	\$537,955	\$108,814

REGIONAL TRANSPORTATION AUTHORITY AND SERVICE BOARDS
PRO FORMA COMBINING REGION-WIDE BUDGETARY BASIS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL

For the Fiscal Year Ended December 31, 1990

(in thousands)

	RTA Combined Funds	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	Combining Adjustments		Pro Forma Combined Balance	Pro Forma Region-Wide Budget
					Debit	Credit		
Revenues:								
Passenger fares		\$335,638	\$147,331	\$24,808			\$507,777	\$527,609
Other		53,837	23,425	6,636			83,898	
RTA financial assistance		327,637	149,747	54,448	\$531,832			
Sales taxes	\$444,110						444,110	464,795
Interest on sales taxes	1,297						1,297	
Federal operating assistance	49,947						49,947	49,947
PTF	110,855						110,855	114,250
Reduced fare reimbursement	39,646						39,646	35,100
Investment income	23,827						23,827	11,000
Other grants and reimbursements	172						172	
Bond proceeds	100,000						100,000	
Total Revenues	769,854	717,112	320,503	85,892	531,832	0	1,361,529	1,202,701
Expenditures:								
Operating expenses		728,432	294,743	79,669			1,102,844	1,088,208
Depreciation		3,992					3,992	2,477
Operating grants to Service Boards	523,811					\$523,811		
Capital grants to Service Boards	93,838					12,496	81,342	65,451
New initiatives to Service Boards	1,648					1,648		3,766
Reduced fare reimbursement to Service Boards	39,646						39,646	35,100
Sales tax interest to Service Boards	1,103						1,103	
Administration	4,845						4,845	5,741
Regional expenses	6,323						6,323	12,695
Debt Service	10,680						10,680	9,925
Fixed assets additions	1,940						1,940	2,353
Total Expenditures	\$683,834	\$732,424	\$294,743	\$79,669	\$0	\$537,955	\$1,252,715	\$1,225,716

STATISTICAL SECTION

SERVICE DIVISION OPERATING CHARACTERISTICS

CHICAGO TRANSIT AUTHORITY	METRA COMMUTER RAIL DIVISION	PACE SUBURBAN BUS DIVISION
- Serves the City of Chicago and 38 neighboring suburbs <u>Rapid Transit</u> 249 miles of track 143 stations served 1,216 rapid transit cars 1,968 daily train departures 12.2 million riders per month <u>Motor Bus</u> 133 bus routes 2,170 buses 35.2 million riders per month <u>Paratransit</u> 200 non-CTA owned private operated vehicles 75 thousand riders per month	1,200 miles of track 233 stations 135 locomotives 684 passenger cars 206 electric cars 3,652 trains operated per week 96.5% on-time performance in 1990 6.0 million riders per month	<u>Fixed Route</u> 139 regular routes 86 feeder routes 200 communities served 98 commuter rail and rapid transit stations served 515 vehicles in use during peak periods* 3.2 million riders per month <u>Paratransit</u> 47 local services 154 Pace owned lift-equipped buses in service 160 taxis and other non-Pace owned vehicles in service 117 thousand riders per month *Includes Contract Carriers

ALLOCATION OF CAPITAL FUNDS TO NORTHEAST ILLINOIS

Sections 3, 9 and 23

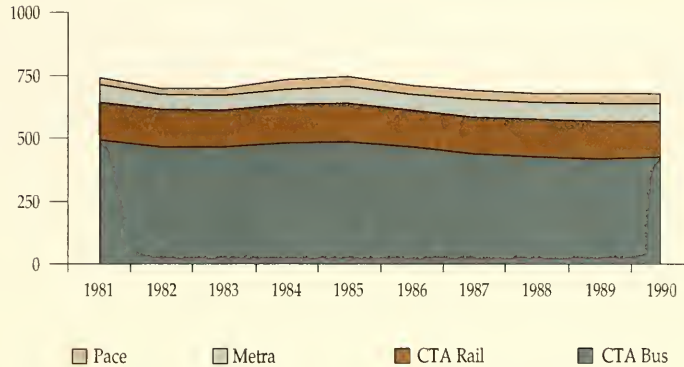
(in millions)

Federal Fiscal Year	Total Awarded	Chicago Transit Authority	Commuter Rail Division	Suburban Bus Division	City of Chicago	RTA
1981	\$220.63	\$100.47	\$72.36	\$19.80	\$28.00	-0-
1982	204.85	109.05	89.10	6.70	-0-	-0-
1983	278.45	167.40	101.95	9.10	-0-	-0-
1984	269.96	157.90	76.56	35.50	-0-	-0-
1985	231.40	141.20	75.40	14.80	-0-	-0-
1986	237.36	141.45	77.20	18.19	-0-	\$0.52
1987	243.30	142.90	84.20	16.20	-0-	-0-
1988	245.72	154.18	72.93	18.61	-0-	-0-
1989	270.17	165.89	84.34	19.94	-0-	-0-
1990	172.57	113.34	42.46	16.76	-0-	-0-
Total	\$2,374.41	\$1,393.78	\$776.50	\$175.60	\$28.00	\$0.52

SYSTEM RIDERSHIP

1981-1990

(In millions)



UNLINKED PASSENGER TRIPS

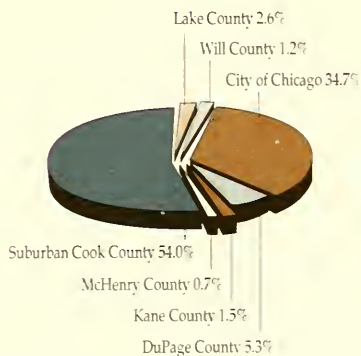
Last Ten Calendar Years

(in millions)

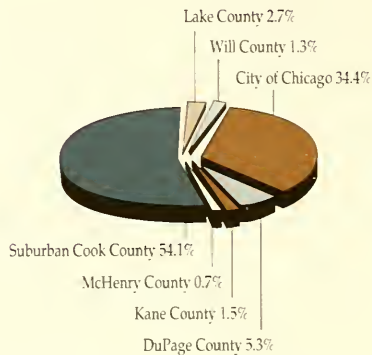
Service Consumed:	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
CTA	643.3	616.1	614.6	638.2	644.4	610.9	586.3	574.9	568.6	569.9
Commuter Rail	70.4	60.5	59.2	62.1	64.5	64.6	66.7	69.9	71.2	72.2
Suburban Bus	27.4	27.7	31.2	36.1	38.4	36.1	35.6	36.7	37.9	40.3
Total	741.1	704.3	705.0	736.4	747.3	711.6	688.6	681.5	677.7	682.4
Percent Change	(9.3%)	(5.0%)	0.1%	4.5%	1.5%	(4.8%)	(3.2%)	(1.0%)	(.6%)	.7%

SALES TAX REVENUES SOURCE BY COUNTY/CITY OF CHICAGO

1989



1990



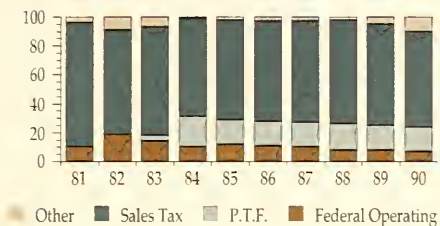
RETAILERS' OCCUPATION AND USE TAX (SALES TAX) REVENUES BY COUNTY

Last Eight Fiscal Years
(In Thousands)

Location of Retailer	15 Months Ended 12/31/83	% of Total	12 Months Ended 12/31/84	% of Total	12 Months Ended 12/31/85	% of Total	12 Months Ended 12/31/86	% of Total
City of Chicago	\$147,532	39.17	\$119,322	36.34	\$123,955	36.20	\$132,201	35.87
Suburban Cook County	191,761	50.92	175,446	53.43	182,773	53.37	197,363	53.54
DuPage County	17,528	4.66	15,737	4.79	16,993	4.96	18,615	5.05
Kane County	4,948	1.31	4,431	1.35	4,615	1.35	4,927	1.34
Lake County	8,174	2.17	7,452	2.27	7,936	2.33	8,798	2.39
McHenry County	2,235	0.59	2,152	0.65	2,088	0.61	2,305	0.63
Will County	4,435	1.18	3,837	1.17	4,081	1.18	4,370	1.18
Total retailer's occupation and use tax (sales tax) revenue	\$376,613	100.00	\$328,377	100.00	\$342,441	100.00	\$368,579	100.00

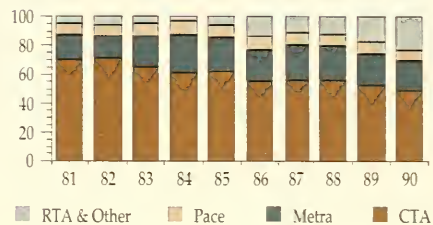
DISTRIBUTION OF REVENUES

1981-1990
(Percentage)



DISTRIBUTION OF EXPENSES

1981-1990
(Percentage)



12 Months Ended 12/31/87	% of Total	12 Months Ended 12/31/88	% of Total	12 Months Ended 12/31/89	% of Total	12 Months Ended 12/31/90	% of Total
\$136,920	35.43	\$146,037	34.87	\$149,095	34.67	152,611	34.36
207,453	53.68	226,332	54.05	232,262	54.02	240,429	54.14
19,769	5.12	21,845	5.22	22,734	5.29	23,615	5.32
5,427	1.41	5,927	1.42	6,201	1.44	6,448	1.45
9,696	2.51	10,702	2.56	11,314	2.63	11,997	2.70
2,524	0.65	2,867	0.68	3,059	0.71	3,302	.74
4,650	1.20	5,042	1.20	5,323	1.24	5,708	1.29
\$386,439	100.00	\$418,752	100.00	\$429,988	100.00	444,110	100.00

LEGAL DEBT CAPACITY

RTA

Legal Debt Margin:		
Debt limitation per Act for General Obligations		\$1,000,000,000
Debt applicable to limitation:		
1986A General Obligation Bonds	\$26,365,000	
1990A General Obligation Bonds	<u>100,000,000</u>	
Less: Amount available for repayment	<u>(5,132,546)</u>	
Total debt applicable to limitation		<u>121,232,454</u>
Debt Margin for General Obligations		878,767,546
Debt limitation per Act for Working Cash Notes		<u>100,000,000</u>
Total Legal debt Margin		<u>\$978,767,546</u>

Revenue Test:

Sales Tax must be 1.5 times greater than debt service requirements

Revenues available must be 2.0 times greater than debt service requirements

Debt Service Requirements for 1990 were \$8,847,594

1.5 x \$8,847,594 = \$13,271,391 vs. \$444,111,009 of Sales Tax

2.0 x \$8,847,594 = \$17,695,188 vs. \$664,974,446 of revenues available

CTA

Working Cash Notes	\$40,000,000
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